中國海外宏洋集團有限公司
CHINA OVERSEAS GRAND OCEANS GROUP LTD.

(incorporated in Hong Kong with limited liability)
(Stock Code: 00081)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

FINANCIAL HIGHLIGHTS

1. For the year ended 31 December 2011, contracted sales increased by 86.6% to HK$7,687.0 million comparing with last year for an aggregated sold area of 372,765 sq.m. (2010: 247,658 sq.m.).

2. While revenue increased by 47.0% to HK$5,165.7 million against last year, profit margin strengthened from 44.5% in last year to 58.0% in current year. Operating profit increased by 70.0% against last year and reached HK$3,406.7 million.

3. Taking into account the positive effects after the acquisition of the remaining 30% minority interest in China Overseas Grand Oceans Property Group Co., Ltd. last year, profit attributable to equity shareholders of the Company increased significantly to HK$1,815.4 million for the year ended 31 December 2011, an increase of 81.3% against last year. Basic earnings per share was HK125.0 cents (2010 restated: HK93.3 cents per share).

4. The Group succeeded in entering into four new cities including Jilin, Hefei, Nanning and Lanzhou during the year. New acquisitions of land parcels amounted to an approximate gross floor area of 1,502,300 sq.m in aggregate for total consideration of approximately RMB2,779.6 million. The Group also managed to expand its land bank by acquisition of equity interest in private project companies. Conclusively, as at 31 December 2011, total land bank of the Group, of which 91% are located in third-tier cities, is estimated available to build gross floor area of approximately 6,445,200 sq.m. (of which, 5,260,900 sq.m. are attributable to the Group (excluding non-controlling shareholders)) in nine different cities in PRC.

5. As at 31 December 2011, total borrowings increased by 78.1% to HK$4,002.7 million against last year end. With significant sales achieved during the period, cash and cash equivalents plus restricted cash and deposits were 26.9% higher at a total of HK$2,826.4 million compared with the last financial year end. The gearing ratio was 22.9% as at 31 December 2011 (31 December 2010: 0.7%).

6. The Board recommended the payment of a final dividend of HK5.0 cents per share (2010: HK10.0 cents per share) for the year ended 31 December 2011. The Board also proposes a bonus issue of 1 bonus share for every 2 existing shares held.

The board of directors (the “Board”) of China Overseas Grand Oceans Group Limited (the “Company”) is pleased to announce the audited final results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2011. With recognized revenue of HK$5,165.7 million, profit attributable to the equity shareholders of the Company was HK$1,815.4 million. These represent increments of 47.0% and 81.3% respectively against last year. Basic earnings per share was HK125.0 cents (2010 restated: HK93.3 cents).

Contracted sales for the year was HK$7,687.0 million for an aggregated sold area of 372,765 square meter (“sq.m.”), an increase of 86.6% and 50.5% respectively comparing with last year.

In line with China’s progressive economic development and implementation of the urbanization policy, the Group’s operation has also made good progress with stable growth. During the fiscal year 2011, the Group has further penetrated into four third-tier cities in PRC including Jilin, Hefei, Nanning and Lanzhou. It has also made a success in buying out the joint venture partners’ 55.5% stakes in the Tonghui River project in Beijing. As of 31 December 2011, the Group has operated in ten cities in the PRC with a land bank reached 6,445,200 sq.m..

The Company has also completed the issuance of 246,785,579 consideration shares in February and May 2011 for the acquisition of the 30% minority interest in China Overseas Grand Oceans Property Group Co., Ltd. (“COGO”), a wholly-foreign-owned enterprise incorporated in the PRC.

REVENUE AND OPERATING RESULTS

The Group recorded revenue of HK$5,165.7 million and gross profit of HK$2,995.6 million for the year ended 31 December 2011. Revenue increased by 47.0% with progressive handover of completed properties pre-sold and stock sales in the year, while gross profit increased by 91.7% compared to last year. Profit margin strengthened from 44.5% in last year to 58.0% in current year primarily due to prominent increase in average selling price of property development projects from both first-tier and third-tier cities, as a result of enhanced quality in addition to marketing under the sought-after renowned brand name of “China Overseas Property”.

Operating profit increased by HK$1,403.1 million or 70.0% against last year and reached HK$3,406.7 million for the year ended 31 December 2011. The continuous improvement in result was mainly attributable to increase in both the sales volume and profit margin. Similarly, the distribution, selling and administrative expenses were increased in line with current year’s activities, by 36.9% to HK$333.2 million against last year. These overheads were, however, offset by certain incidental gains recorded during the year, including: (i) fair value gain of HK$355.1 million from the re-classification of inventories to investment properties and the revaluation of the investment properties, (ii) gain of HK$135.7 million on bargain purchases arising from the acquisition of project companies in Jilin and Beijing, PRC, and (iii) recovery of HK$213.3 million upon fulfillment of contractual liabilities by a third party to re-purchase the Group's interest in a subsidiary in Qingdao, PRC (details of which had been disclosed in the 2009 Annual Report).

On the other hand, finance costs increased to HK$33.5 million from HK$19.8 million of last year, after capitalization of HK$188.2 million to the on-going development projects.

Overall, taking into account the positive effects after the acquisition of the remaining 30% minority interest in COGO last year, profit attributable to equity shareholders of the Company increased significantly to HK$1,815.4 million for the year ended 31 December 2011, an increase of 81.3% against last year (2010: HK$1,001.1 million).

LAND BANK

The Group's management believes that a sizable and quality land bank is one of the most important resources for a property developer. A key success factor would therefore be the Group's capability to acquire sites at competitive prices and at opportune times, thereby securing attractive returns on the properties it develops and sells.

As the Group strategy is to expand into emerging third-tier cities in the PRC, it succeeded in entering into four such new cities including Jilin, Hefei, Nanning and Lanzhou during the year. New acquisitions of land parcels were mainly transacted through participation in public land auctions, with an approximate gross floor area of 1,502,300 sq.m. in aggregate added to the Group's land bank for total consideration of approximately RMB2,779.6 million.

Moreover, the Group also managed to expand its land bank by acquisition of equity interest in private project companies. As announced on 22 August 2011, the Group acquired 70% interest in the Royal East project (previously named as "Jiangnan No. 1 project") in Jilin for a consideration of RMB140 million. On 24 October of the same year, the Group further announced to buy out the joint venture partners' 55.5% interest in the Tonghui River project in Beijing for RMB710 million and made it a wholly-owned development project.

Conclusively, as at 31 December 2011, total land bank of the Group, of which 91% are located in third-tier cities, is estimated available to build gross floor area of approximately 6,445,200 sq.m. (of which, 5,260,900 sq.m. are attributable to the Group (excluding non-controlling shareholders)) in nine different cities in PRC.

SEGMENT INFORMATION

PROPERTY SALES AND DEVELOPMENT

The Group's high-end quality housing products were well received with robust market demands. The effect of such product differentiation strategy was particularly prominent in the third-tier cities, where people would be willing to pay a reasonable price to obtain a quality accommodation or to improve their properties for better living condition.

With increased number of projects put under development, contracted sales increased against last year by HK$3,567.2 million to HK$7,687.0 million, representing a saleable gross floor area of 372,765 sq.m. (2010: 247,658 sq.m.), of which 89% has been received at year end date.

Contracted sales from major projects during the year:

City	Name of project	Saleable Gross Floor Area (sq.m.)	Amount (RMB Million)
Guangzhou	Banyan Bay	67,388	1,806.6
	The Oakwood	64,968	1,477.9
Beijing	Academic Pavilion	19,946	632.5
	Lagoon Manor	38,223	1,015.3
Hohhot	Glorious City	17,670	200.8
	Royal East	96,345	721.8
	The Arch	12,948	88.1
Jilin	Royal East	10,684	63.5
	Royal Waterfront	42,351	363.3

With the tremendous efforts of the project teams, 243,530 sq.m. of construction sites were completed in 2011 (2010: 390,059 sq.m.). As about 90% of these completed properties were sold by the year end date, coupled with stock brought forward are largely sold out, recognized revenue increased to HK$4,995.9 million (2010: HK$3,398.7 million). Similarly, segment result soared to HK$2,989.9 million (2010: HK$1,625.3 million) as well mainly due to increase in sales and higher profit margin.

Recognized revenue from major projects during the year:

City	Name of project	Saleable Gross Floor Area (sq.m.)	Amount (RMB Million)
Guangzhou	Banyan Bay	123,844*	2,737.2*
Beijing	Academic Pavilion	38,383	940.2
Hohhot	Glorious City	55,776	381.8
Jilin	Royal East	28,622	154.3

* including disposal of investment properties and owner-occupied properties during the year

In addition to the above, the following projects had commenced the construction work in the year:

City	Name of project	Construction commenced
Hefei	The Great Hill	July 2011
Yinchuan	International Community (Land Lot No. 52)	August 2011
Nanning	The Green Peak	October 2011
Guilin	The Chief Palace	October 2011

At year end date, properties under construction and stock of completed properties amounted to 1,979,961 sq.m. and 89,645 sq.m. respectively, totaling 2,069,606 sq.m.. Properties of 265,622 sq.m. had been contracted for sales and were pending for completion of the transactions upon handover.

PROPERTY LEASING

For the year ended 31 December 2011, with increased rental rate for new leases, rental income increased to HK$109.7 million (2010: HK$62.4 million) with a segment profit of HK$445.3 million (2010: HK$388.9 million). This includes a fair value gain of HK$355.1 million (2010: HK$382.6 million) in respect of the investment properties (including those transferred from properties held for sale) and contribution from the jointly controlled entities of HK$6.2 million (2010: HK$2.3 million).

At the year end, China Overseas International Center in Xicheng District, Beijing was 84% let while the occupancy rate for the scientific research office building in Zhang Jiang High-tech Zone in Shanghai was about 88%. The Group owns 100% and 65% of these projects respectively.

ISSUANCE OF CONSIDERATION SHARES AND BONUS SHARES

In relation to the acquisition of the remaining 30% minority interest in COGO as disclosed in the circular dated 26 November 2010 (COGO is a wholly-foreign-owned enterprise incorporated in the PRC, and through which, the Group conducted part of its existing property development and investment business), the Company had issued 189,493,224 and 57,292,355 consideration shares (in aggregate, 246,785,579 shares) on 22 February 2011 and 5 May 2011 respectively as the full settlement of the purchase consideration.

Accordingly, potential payment liability of about HK$505.8 million as recorded in the consolidated statement of financial position as at 31 December 2010 has been capitalized as equity interest during the year.

Further, the Group had also issued 507,164,421 bonus shares in September 2011 on the basis of issuance of one bonus share for every two existing shares after the approval at the extraordinary general meeting held on 26 August 2011.

Accordingly, the number of shares of the Company in issue has increased to 1,521,493,263 at year end.

FINANCIAL RESOURCES AND LIQUIDITY

As a Hong Kong incorporated and listed entity, the Company and its subsidiaries have multiple accesses to funds from both investors and financial institutions in the PRC and international market through Hong Kong as a leading international financial center.

As at 31 December 2011, total borrowings (net of repayment of HK$1,311.4 million during the year), increased by 78.1% to HK$4,002.7 million against last year end. Interest was charged at floating rates with a weighted average of 5.597% per annum. About 34.7% of the borrowings is repayable within one year.

On the other hand, net working capital amounted to HK$7,101.8 million as of 31 December 2011, (31 December 2010: HK$3,368.6 million) with a quick ratio of 0.5 (31 December 2010: 0.7). With significant sales achieved during the period, cash and cash equivalents plus restricted cash and deposits were 26.9% higher at a total of HK$2,826.4 million compared with the last financial year end (HK$2,228.0 million).

Accordingly, the gearing ratio, expressed as a percentage of net borrowings (i.e. total borrowings net of cash and cash equivalent and restricted cash and deposits) to equity attributable to owners of the Company, increased to 22.9% as at 31 December 2011 (31 December 2010: 0.7%). The increment represents appropriate financial leverage of the Group as it picks up more land bank and development projects under the existing capital structure.

Taking into consideration of the unutilized bank credit facilities available to the Group of HK$939.2 million, the Group's total available funds (including restricted cash and deposits of HK$805.2 million) reached HK$3,765.6 million as at 31 December 2011. The Group would regularly re-evaluate its operational and investment status and endeavour to improve its cash flow and minimize its financial risks.

FOREIGN EXCHANGE EXPOSURE

As at 31 December 2011, about 71.3% and 28.7% of the Group's borrowings were denominated in Renminbi and Hong Kong Dollar respectively. As the Group conducted its sales, receivables and payables, expenditures and part of the borrowings in Renminbi for its PRC property development business, the management considered that a natural hedge mechanism existed. While the Group would closely monitor the volatility of the Renminbi exchange rate, the management assessed that the Group's risk exposure to foreign exchange rate fluctuations remained minimal.

CAPITAL COMMITMENTS AND GUARANTEE

As at 31 December 2011, the Group had capital commitments totaling HK$6,679.5 million which related mainly to property development and construction works. In addition, the Group issued guarantees to banks amounting to HK$2,969.4 million, (equivalent to RMB2,407.3 million) mainly for facilitating end-user mortgages in connection with its PRC property sales as a usual commercial practice.

CAPITAL EXPENDITURE AND CHARGES ON ASSETS

The Group had capital expenditures totaling HK$9.3 million approximately during the year under review, mainly referred to additions in motor vehicles, furniture, fixtures and office equipment.

On the other hand, as at 31 December 2011, certain property assets and trade receivables with an aggregate carrying value of HK$1,891.0 million in the PRC were pledged to secure 10.8% of the group borrowings, or HK$431.7 million (equivalent to RMB350.0 million) from certain PRC banks.

EMPLOYEES

As at 31 December 2011, the Group has approximately 403 employees (31 December 2010: 214). The pay levels of these employees are commensurate with their responsibilities, performance and the prevailing market condition.

PROSPECTS

The Economy

The western economies were still confronted with various difficulties and setback in 2011. While the Euro economies are embarrassed by the unresolved sovereign debts issues and credit downgrading, the US market is still under slow recovery. With the backdrop of such uncertain development of the major economies, common consensus for the outlook under such complicated conditions would remain be dim and recessionary, especially for the Euro region.

The chain effect filtered through the global monetary and trading system has further weakened China’s exports. In China, the GDP growth rate for 2011 has reduced to 9.2%, comparing to 10.4% (revised) last year. On the other hand, the macroscopic contracting monetary policy also started to take effects country-wise. While the annual CPI of 5.4% is still higher than the year target of 4% and 3.3% last year, however, inflationary pressure has been relieved from its peak in the middle of the year in PRC and started to decrease. And in anticipation of these changes, in November 2011, The People’s Bank of China has at the first time since January 2010, announced to reduce the reserve requirement ratio by 0.5% from the peak of 21.5% after its consecutive actions twelve times to increase the same.

As indicated by the Central Economic Work Conference in December 2011, the country’s priority in 2012 would be on maintaining stable economic growth while ensuring overall consumer prices are basically stable. Hence, it would be expected that China’s overall monetary policy would remain be very prudent, in contrast to the increasing volume of quantitative easing policy inclined to be adopted by the European and western countries to resolve economic crisis. Nevertheless, continuous fiscal policy reform and tuning of the nation’s economic structure, as well as adjusting the mode of economic development would help to drive a sound and sustainable development of China’s economy.

Real Estate Development

In January 2011, the State Council of the People’s Republic of China proclaimed the new rulings after its orders in 2010 as a continuum of its property price control policies to further regulate the property market in the country, including the requirement of municipal governments’ implementation of control measures and the establishment of additional restrictions on mortgage financing and acquisition. These measures were proven to be effective. During the second half year in 2011, property prices in major cities were under control. Transactions slowed down as investment and speculation were discouraged.

Undoubtedly, the Central Government policy had successfully alleviated the property price pressure in the first- and second-tier cities and deterred both the speculative and investment buyers. However, overall speaking, core demands for accommodation needs remain robust in China. Impacts to the highly selective third-tier cities in which our Group operates were relatively mild. Moreover, with the key focus on the medium to high-ended consumer segment by the Group, it enjoys competitive advantages as key criteria of these customers for buying are quality and reasonable price.

Group Strategy

To adapt to the ever changing global situation and maintain continuous economic growth, China needs to undergo progressive economic transition for industrial upgrade and move up the value chain from manufacturing to high value-added service industry. While China is a vast country with cities at different stage of development, the better developed commercial and industrial businesses from the coastal areas would expand into the inland places to deploy untapped natural resources and cheaper labour forces to maintain competitive advantages and operating scales. There has therefore been massive investment in infrastructure in PRC in order to reduce inter-city distance and facilitates people mobilization. At the same time, rapid industrialization and urbanization in these inland cities are underway.

Hence, the Group would continue thoroughly to position itself on the high-end property markets in third-tier emerging cities with best investment value and growth potentials. In the past year, the Group has succeeded in entering into four such cities and lay down solid foundation for future business development and expansion. Going forward, key approaches of the Group would be progressive transformation, sustainable development, and high-end production. The Group would concentrate its efforts to provide innovative market propositions and enhance its marketing capabilities. It will continue to expand its land bank in selective third-tier cities for a sustainable business growth.

The Group is visionary to become a high-growth star property developer of the highest potential in the PRC residential property market, accompanying with good customer satisfaction and company goodwill.

Under the existing complicated external conditions, the Group would closely monitor the impacts to the China economy and property market arising from the latest development in the global economic environment and volatile capital market.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Continuing operations			
Revenue	4	**5,165,720**	3,512,903
Cost of sales and services provided		**(2,170,138)**	(1,949,931)
Gross profit		**2,995,582**	1,562,972
Other income		**29,918**	53,661
Distribution and selling expenses		**(131,272)**	(68,362)
Administrative expenses		**(201,944)**	(175,041)
Other operating expenses		**(61,576)**	(7,183)
Other gains, net			
Fair value gain on reclassification of inventories of properties to investment properties		**238,188**	313,836
Fair value gain on investment properties		**116,915**	68,742
Reversal of impairment on assets, net		**18,168**	2,300
Gain on disposal of a subsidiary		**213,340**	251,689
Gain on disposal of investment properties		**37,584**	-
Gain arising from acquisitions of subsidiaries		**135,700**	-
Others		**16,068**	939
Operating profit		**3,406,671**	2,003,553
Finance costs		**(33,497)**	(19,841)
Share of results of jointly controlled entities		**7,579**	2,114
Profit before income tax	6	**3,380,753**	1,985,826
Income tax expense	7	**(1,575,935)**	(860,835)
Profit for the year from continuing operations		**1,804,818**	1,124,991
Discontinued operations			
Profit for the year from discontinued operations		**-**	17,926
Profit for the year		**1,804,818**	1,142,917
Profit/(Loss) for the year attributable to:			
Owners of the Company		**1,815,418**	1,001,120
Non-controlling interests		**(10,600)**	141,797
		1,804,818	1,142,917
		HK Cents	HK Cents (Restated)
Earnings per share			
Basic	9		
- From continuing and discontinued operations		**125.0**	93.3
- From continuing operations		**125.0**	91.6
- From discontinued operations		**-**	1.7
Diluted	9		
- From continuing and discontinued operations		**119.9**	91.8
- From continuing operations		**119.9**	90.1
- From discontinued operations		**-**	1.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011 HK$'000	2010 HK$'000
Profit for the year	**1,804,818**	1,142,917
Other comprehensive income		
Exchange difference arising from translation of overseas operations		
- subsidiaries	**202,157**	78,784
- associates and jointly controlled entities	**3,343**	7,797
	205,500	86,581
Reclassification from assets revaluation reserve to profit or loss upon sales of inventories of properties	**(23,981)**	(89,081)
Tax effect	**8,161**	32,481
	(15,820)	(56,600)
Fair value adjustment upon transfer of owner-occupied properties to investment properties	**38,934**	-
Tax effect	**(19,442)**	-
	19,492	-
Other comprehensive income for the year, net of tax	**209,172**	29,981
Total comprehensive income for the year	**2,013,990**	1,172,898
Total comprehensive income attributable to:		
Owners of the Company	**2,014,578**	1,030,283
Non-controlling interests	**(588)**	142,615
	2,013,990	1,172,898

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Investment properties		**1,883,563**	1,309,549
Property, plant and equipment		**27,847**	40,214
Prepaid lease rental on land		**1,970**	3,458
Goodwill		**70,475**	86,258
Other intangible assets		**37,065**	39,870
Interests in jointly controlled entities		**73,292**	229,449
Deferred tax assets		**294,656**	96,442
		2,388,868	1,805,240
Current assets			
Inventories of properties		**12,392,881**	5,068,407
Other inventories		**879**	840
Trade and other receivables, prepayments and deposits	*10*	**1,903,391**	1,683,279
Prepaid lease rental on land		**52**	85
Amounts due from jointly controlled entities		**49,340**	123,644
Amounts due from non-controlling interests		**11,965**	11,399
Tax prepaid		**108,290**	14,863
Restricted cash and deposits		**805,204**	337,415
Cash and cash equivalents		**2,021,223**	1,890,555
		17,293,225	9,130,487
Current liabilities			
Trade and other payables	*11*	**2,172,589**	1,573,126
Sales deposits received		**3,786,608**	1,876,686
Amount due to a jointly controlled entity		**246**	234
Amount due to non-controlling interests		**573,172**	-
Consideration payable for acquisition of a subsidiary		**78,327**	67,726
Taxation liabilities		**2,193,409**	1,306,294
Borrowings		**1,387,066**	937,810
		10,191,417	5,761,876
Net current assets		**7,101,808**	3,368,611
Total assets less current liabilities		**9,490,676**	5,173,851
Non-current liabilities			
Borrowings		**2,615,641**	1,309,690
Consideration payable for acquisition of non-controlling interests		**-**	505,803
Deferred tax liabilities		**1,443,005**	560,079
		4,058,646	2,375,572
Net assets		**5,432,030**	2,798,279
Capital and reserves			
Share capital		**15,215**	7,675
Other reserves		**2,836,230**	1,850,801
Retained profits		**2,218,487**	721,234
Proposed dividend	*8*	**76,075**	95,704
Equity attributable to owners of the Company		**5,146,007**	2,675,414
Non-controlling interests		**286,023**	122,865
Total equity		**5,432,030**	2,798,279

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in the Hong Kong Special Administrative Region ("Hong Kong"), the People’s Republic of China (the "PRC") and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the Company's registered office and principal place of business is Suite 3012, 30th Floor, One Pacific Place, 88 Queensway, Hong Kong.

The principal activities of the Group mainly comprise property investment and development, property leasing and investment holding. The Group's business activities are principally carried out in Beijing, Guangzhou, Guilin, Hefei, Hohhot-Inner Mongolia, Jilin, Lanzhou, Nanning, Yinchuan and other regions in the PRC.

As at 31 December 2010, the Group was controlled by China Overseas Land & Investment Limited ("COLI"), a company incorporated in Hong Kong with limited liability and its shares are listed on the Stock Exchange and the ultimate parent company of the Group was China State Construction Engineering Corporation, an entity established in the PRC. Pursuant to the issue of an aggregate of 189,493,224 shares and 57,292,355 shares on 22 February 2011 and 5 May 2011 respectively, the shareholding of the Company held by COLI was diluted and the Company has become an associated company of COLI since February 2011.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (including all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance. In addition, the financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The financial statements for the year ended 31 December 2011 were approved for issue by the Board on 28 February 2012.

2. PRINCIPAL ACCOUNTING POLICIES

These financial statements have been prepared under the historical cost basis except for investment properties, which are measured at fair values. Disposal groups and non-current assets held for sale (other than investment properties) are stated at the lower of their carrying amounts and fair values less costs to sell.

The accounting policies used in preparing the consolidated financial statements are consistent with those followed in the Group’s annual financial statements for the year ended 31 December 2010 with the addition of certain standards and interpretations of HKFRSs issued and became effective in current year as described below.

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) Adoption of new / revised HKFRSs – effective 1 January 2011

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2011:

HKAS 24 (Revised)	Related Party Disclosures
HKFRSs (Amendments)	Improvements to HKFRSs 2010

HKAS 24 (Revised) Related Party Disclosures

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasize a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with government entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The Group has reassessed the identification of its related parties in accordance with the revised definition and as a consequence has amended the disclosures of its related parties transaction in the current and comparative periods to include transactions with subsidiaries of the Group's jointly controlled entities. The Group has also disclosed the transactions with the counterparties which are under common control, joint control or significant influence of a government, government agency or similar body following the requirement of HKAS 24 (Revised). The adoption of the revised standard has no impact on the financial position or performance of the Group.

Improvements to HKFRSs 2010

In May 2010, the HKICPA issued "Improvements to HKFRSs 2010" which sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. With the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

(i) HKFRS 3 Business Combinations

As part of the Improvements to HKFRSs issued in 2010, HKFRS 3 has been amended to clarify that the option to measure non-controlling interests at either fair value or the non-controlling interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets is limited to instruments that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS. The Group has amended its accounting policies for measuring non-controlling interests but the adoption of the amendment has had no impact on the Group's financial statements as the non-controlling interests in the business acquisition in 2011 represented such present ownership interests.

(ii) HKAS 1 Presentation of Financial Statements

The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

3. ADOPTION OF NEW AND REVISED HKFRSs (CONTINUED)

(b) New / revised HKFRSs that have been issued but not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets [1]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets [2]
Amendments to HKAS 1 (Revised)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income [3]
Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities [5]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities [4]
HKAS 19 (2011)	Employee Benefits [4]
HKAS 27 (2011)	Separate Financial Statements [4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures [4]
HKFRS 9	Financial Instruments [6]
HKFRS 10	Consolidated Financial Statements [4]
HKFRS 11	Joint Arrangements [4]
HKFRS 12	Disclosure of Interests in Other Entities [4]
HKFRS 13	Fair Value Measurements [4]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2013
[5] Effective for annual periods beginning on or after 1 January 2014
[6] Effective for annual periods beginning on or after 1 January 2015

Amendments to HKFRS 7 Disclosure – Transfer of Financial Assets

The amendments to HKFRS 7 improve the derecognition disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 introduce a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The amendment will be applied retrospectively.

Amendments to HKAS 1 (Revised) Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit or loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

3. ADOPTION OF NEW AND REVISED HKFRSs (CONTINUED)

(b) New / revised HKFRSs that have been issued but not yet effective (Continued)

HKFRS 9 Financial Instruments

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortized cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains and losses will be recognized in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognize the gains and losses in other comprehensive income. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option. For these fair value option liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the fair value option are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues apply. The Group expects to adoption HKFRS 9 from 1 January 2015.

HKFRS 10 Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

3. ADOPTION OF NEW AND REVISED HKFRSs (CONTINUED)

(b) New / revised HKFRSs that have been issued but not yet effective (Continued)

HKFRS 11 Joint Arrangements

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC) – 31 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognize its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting. HKFRS 11 does not allow proportionate consolidation. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal entity was the key factor in determining the existence of a jointly controlled entity under HKAS 31. HKFRS 11 will be applied retrospectively with specific restatement requirements for a joint venture which changes from proportionate consolidation to the equity method and a joint operation which changes from equity method to accounting for assets and liabilities.

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 Fair Value Measurements

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 *Financial Instruments: Disclosures*. HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

The Group is in the process of making an assessment of the potential impact of these new / revised HKFRSs.

4. REVENUE

The principal activities of the Group are disclosed in note 1. Turnover of the Group is the revenue from these activities. Revenue from the Group's principal activities recognized during the year is as follows:

	Continuing operations		Discontinued operations		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Sales of properties	**4,995,936**	3,398,677	**-**	-	**4,995,936**	3,398,677
Sales of goods	**-**	-	**-**	149,339	**-**	149,339
Property rental income	**109,676**	62,353	**-**	6,912	**109,676**	69,265
Property management fee income	**60,108**	51,873	**-**	-	**60,108**	51,873
Taxi licence fee income	**-**	-	**-**	8,155	**-**	8,155
Total revenue	**5,165,720**	3,512,903	**-**	164,406	**5,165,720**	3,677,309

5. SEGMENT INFORMATION

The operating segments are reported in a manner consistent with the way in which information is reported internally to the Group's most senior management for the purposes of resource allocation and assessment of segment performance. The Group has identified the following reportable segments for its operating segments:

Continuing operations

Property investment and development — This segment constructs commercial and residential properties in the PRC for external customers. Part of the business is carried out through jointly controlled entities.

Property leasing — This segment leases commercial units located in the PRC to generate rental income and gain from appreciation in the properties' values in the long term. Part of the business is carried out through a jointly controlled entity.

Other segment — This segment provides management services to certain housing estate in the PRC and generates management fee income.

Discontinued operations

Electrical household appliances — This segment manufactures electrical appliances including electric fans, vacuum cleaners, lighting products, fuser and laser scanner. The Group's manufacturing facilities are located primarily in the PRC and products are mainly sold to customers in the PRC and overseas such as North America and European countries.

Property leasing — This segment leases industrial properties and commercial units located in Hong Kong, the PRC and the United States to generate rental income and gain from appreciation in the properties' values in the long term. Part of the business is carried out through associates.

Securities trading — This segment mainly carries out trading of securities to generate gain from appreciation in the value of the securities.

Car rental — This segment carries out taxi rental operation in the PRC and generates licence fee income.

All other segments — Operating segments which are not reportable comprise manufacturing and trading of electric cables and trading of computer hardware and software which generate revenue from sales of goods, as well as direct investments which derive gain from holding investments in enterprises engaging in high-tech business.

5. SEGMENT INFORMATION (CONTINUED)

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment profit/loss includes the Group's share of profit/loss arising from the activities of the Group's associates and jointly controlled entities. Reportable segment profit/loss excludes corporate income and expenses from the Group's profit/loss before income tax. Corporate income and expenses are income and expenses incurred by corporate headquarters which are not allocated to the operating segments. Each of the operating segments is managed separately as the resources requirement of each of them is different.

Segment assets include all assets with the exception of corporate assets, including bank balances and cash and other assets which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis.

Segment liabilities include trade and other payables, accrued liabilities, amounts due to related parties and other liabilities directly attributable to the business activities of operating segments and exclude corporate liabilities and liabilities such as bank and other borrowings that are managed on a group basis.

Information regarding the Group's reportable segments including the reconciliations to revenue, profit before income tax, total assets, total liabilities and other segment information are as follows:

Segment results, segment assets and segment liabilities

	Continuing operations				**Discontinued operations**						
	Property investment and development HK$'000	Property leasing HK$'000	Other segment HK$'000	**Sub-total HK$'000**	Electrical household appliances HK$'000	Property leasing HK$'000	Securities trading HK$'000	Car rental HK$'000	All other segments HK$'000	**Sub-total HK$'000**	**Consolidated HK$'000**
Year ended 31 December 2011											
Reportable segment revenue*	4,995,936	109,676	60,108	**5,165,720**	-	-	-	-	-	-	**5,165,720**
Reportable segment profit	2,989,940	445,299	5,138	**3,440,377**	-	-	-	-	-	-	**3,440,377**
										-	
Corporate income				**614**						-	**614**
Corporate expenses				**(60,238)**						-	**(60,238)**
Profit before income tax				**3,380,753**						-	**3,380,753**
											Total HK$'000
As at 31 December 2011											
Reportable segment assets	16,939,871	2,232,440	64,169	**19,236,480**	-	-	-	-	-	-	**19,236,480**
Corporate assets											**445,613**
Total consolidated assets											**19,682,093**
As at 31 December 2011											
Reportable segment liabilities	6,732,545	83,505	44,855	**6,860,905**	-	-	-	-	-	-	**6,860,905**
Corporate liabilities											**7,389,158**
Total consolidated liabilities											**14,250,063**

5. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (continued)

	Continuing operations					Discontinued operations								
	Property investment and development HK$'000	Property leasing HK$'000	Other segment HK$'000	Corporate HK$'000	**Sub-total HK$'000**	Electrical household appliances HK$'000	Property leasing HK$'000	Securities trading HK$'000	Car rental HK$'000	All other segments HK$'000	Corporate HK$'000	**Sub-total HK$'000**	Elimination^ HK$'000	**Consolidated HK$'000**
Other information														
Year ended 31 December 2011														
Interest income	23,538	3,517	322	324	**27,701**	-	-	-	-	-	-	-	-	**27,701**
Depreciation and amortization	(2,650)	(5,588)	(457)	(247)	**(8,942)**	-	-	-	-	-	-	-	-	**(8,942)**
Reversal of impairment recognized in profit or loss, net	18,168	-	-	-	**18,168**	-	-	-	-	-	-	-	-	**18,168**
Fair value gain on reclassification of inventories of properties to investment properties	-	238,188	-	-	**238,188**	-	-	-	-	-	-	-	-	**238,188**
Fair value gain on investment properties	-	116,915	-	-	**116,915**	-	-	-	-	-	-	-	-	**116,915**
Share of results of jointly controlled entities	1,428	6,151	-	-	**7,579**	-	-	-	-	-	-	-	-	**7,579**
Additions to specified non-current assets #	10,584	626	389	582	**12,181**	-	-	-	-	-	-	-	-	**12,181**
Write-off of property, plant and equipment	(149)	-	(52)	-	**(201)**	-	-	-	-	-	-	-	-	**(201)**
As at 31 December 2011														
Interests in jointly controlled entities	2,960	70,332	-	-	**73,292**	-	-	-	-	-	-	-	-	**73,292**

	Continuing operations				Discontinued operations						
	Property investment and development HK$'000	Property leasing HK$'000	Other segment HK$'000	**Sub-total HK$'000**	Electrical household appliances HK$'000	Property leasing HK$'000	Securities trading HK$'000	Car rental HK$'000	All other segments HK$'000	**Sub-total HK$'000**	**Consolidated HK$'000**
Year ended 31 December 2010											
Reportable segment revenue*	3,398,677	62,353	51,873	**3,512,903**	146,482	6,912	-	8,155	2,857	**164,406**	**3,677,309**
Reportable segment profit/(loss)	1,625,283	388,865	2,381	**2,016,529**	11,826	13,364	(1,612)	3,301	(306)	**26,573**	**2,043,102**
Corporate income				**101**						**16,255**	**16,356**
Corporate expenses				**(30,804)**						**(10,825)**	**(41,629)**
Elimination ^				**-**						**(3,870)**	**(3,870)**
Profit before income tax				**1,985,826**						**28,133**	**2,013,959**
											Total HK$'000
As at 31 December 2010											
Reportable segment assets	9,099,619	1,499,114	55,144	**10,653,877**	-	-	-	-	-	-	**10,653,877**
Corporate assets											**281,850**
Total consolidated assets											**10,935,727**
As at 31 December 2010											
Reportable segment liabilities	3,389,273	85,453	39,651	**3,514,377**	-	-	-	-	-	-	**3,514,377**
Corporate liabilities											**4,623,071**
Total consolidated liabilities											**8,137,448**

5. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (continued)

	Continuing operations					Discontinued operations								
	Property investment and development HK$'000	Property leasing HK$'000	Other segment HK$'000	Corporate HK$'000	**Sub-total HK$'000**	Electrical household appliances HK$'000	Property leasing HK$'000	Securities trading HK$'000	Car rental HK$'000	All other segments HK$'000	Corporate HK$'000	**Sub-total HK$'000**	Elimination^ HK$'000	**Consolidated HK$'000**
Other information														
Year ended 31 December 2010														
Interest income	9,347	227	235	101	**9,910**	689	397	3	70	5	15,133	**16,297**	(4,029)	**22,178**
Depreciation and amortization	(3,375)	(5,715)	(395)	(44)	**(9,529)**	(899)	-	-	(1,272)	(112)	(190)	**(2,473)**	-	**(12,002)**
Reversal of impairment /(Impairment losses) recognized in profit or loss	4,038	33	-	-	**4,071**	(306)	(110)	-	-	(1)	-	**(417)**	-	**3,654**
Reversal of write down of inventories of properties	34,497	-	-	-	**34,497**	-	-	-	-	-	-	**-**	-	**34,497**
(Allowance)/ Reversal of allowance for other inventories	-	-	-	-	**-**	(1,540)	-	-	-	132	-	**(1,408)**	-	**(1,408)**
Fair value gain on reclassification of inventories of properties to investment properties	-	313,836	-	-	**313,836**	-	-	-	-	-	-	**-**	-	**313,836**
Fair value gain on investment properties	-	68,742	-	-	**68,742**	-	3,780	-	-	-	-	**3,780**	-	**72,522**
Share of results of associates	-	-	-	-	**-**	-	3,294	-	-	18	-	**3,312**	-	**3,312**
Share of results of jointly controlled entities	(176)	2,290	-	-	**2,114**	-	-	-	-	327	-	**327**	-	**2,441**
Additions to specified non-current assets #	2,317	10	372	928	**3,627**	329	-	-	-	264	-	**593**	-	**4,220**
Write-off of property, plant and equipment	(29)	(711)	(231)	-	**(971)**	-	-	-	-	-	-	**-**	-	**(971)**
Equity-settled share-based payments	(73,300)	-	-	-	**(73,300)**	-	-	-	-	-	-	**-**	-	**(73,300)**
As at 31 December 2010														
Interests in jointly controlled entities	168,438	61,011	-	-	**229,449**	-	-	-	-	-	-	**-**	-	**229,449**

* This represents sales from external customer and there were no inter-segment sales between different business segments for the years ended 31 December 2011 and 2010.

^ Inter-company interest elimination

Including the Group's investment properties, other properties, plant and equipment, prepaid lease rental on land, intangible assets including goodwill and interests in jointly controlled entities

5. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's continuing operations are located in the PRC while its discontinued operations covered Hong Kong, other regions in the PRC, Asia other than the PRC, North America (comprising Canada and the United States) and Europe (mainly the United Kingdom).

An analysis of the Group's revenue by geographical locations, determined based on locations to which the goods are delivered or the services are provided and locations of assets which give rise to the rental income and the licence fee income, is as follows:

	Continuing operations		**Discontinued operations**		**Total**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Hong Kong (place of domicile)	**-**	-	**-**	1,907	**-**	1,907
Other regions of the PRC	**5,165,720**	3,512,903	**-**	74,332	**5,165,720**	3,587,235
Asia, other than the PRC	**-**	-	**-**	7,473	**-**	7,473
North America	**-**	-	**-**	42,677	**-**	42,677
Europe	**-**	-	**-**	24,733	**-**	24,733
Others	**-**	-	**-**	13,284	**-**	13,284
	5,165,720	3,512,903	**-**	164,406	**5,165,720**	3,677,309

An analysis of the Group's investment properties, other properties, plant and equipment, prepaid lease rental on land, intangible assets including goodwill and interests in jointly controlled entities (i.e. "specified non-current assets") by geographical locations, determined based on physical location of the assets or location of operations in case of goodwill and interests in jointly controlled entities, is as follows:

	Continuing operations		**Discontinued operations**		**Total**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Hong Kong	**1,219**	884	**-**	-	**1,219**	884
Other regions of the PRC	**2,092,993**	1,707,914	**-**	-	**2,092,993**	1,707,914
	2,094,212	1,708,798	**-**	-	**2,094,212**	1,708,798

6. PROFIT BEFORE INCOME TAX

	Continuing operations		Discontinued operations		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Profit before income tax is arrived at after charging / (crediting):						
Amortization:						
Prepaid lease rental on land	**58**	72	**-**	50	**58**	122
Other intangible assets #	**4,673**	4,458	**-**	-	**4,673**	4,458
Depreciation of property, plant and equipment	**4,211**	4,999	**-**	2,423	**4,211**	7,422
Total amortization and depreciation	**8,942**	9,529	**-**	2,473	**8,942**	12,002
Reversal of write-down of inventories of properties	**-**	(34,497)	**-**	-	**-**	(34,497)
Gain on disposal of property, plant and equipment ^	**(16,127)**	(3,151)	**-**	-	**(16,127)**	(3,151)
Impairment/(Reversal of impairment) of non-financial assets						
- Goodwill	**17,289**	-	**-**	-	**17,289**	-
- Other assets	**-**	(2,300)	**-**	-	**-**	(2,300)
(Reversal of impairment)/ Impairment on financial assets:						
- Loans and receivables	**(35,457)**	(1,771)	**-**	417	**(35,457)**	(1,354)
Compensation for a property development project*	**60,265**	-	**-**	-	**60,265**	-
Equity-settled share-based payments	**-**	73,300	**-**	-	**-**	73,300

included in "Cost of sales and services provided" in the consolidated income statement

^ included in “Other gain, net – Others” in the consolidated income statement (2010: included in “Other income”)

* included in "Other operating expenses" in the consolidated income statement

7. INCOME TAX EXPENSE

	Continuing operations		Discontinued operations		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Income tax expenses comprise:						
Current tax for the year						
Hong Kong profits tax	-	-	-	1,167	-	1,167
Other regions of the PRC						
- Enterprise income tax ("EIT")	**664,738**	389,031	-	3,564	**664,738**	392,595
- Land appreciation tax ("LAT")	**866,423**	431,874	-	-	**866,423**	431,874
Others	-	-	-	140	-	140
	1,531,161	820,905	-	4,871	**1,531,161**	825,776
Under provision in prior years						
Other regions of the PRC						
- EIT	**1,633**	1,038	-	-	**1,633**	1,038
Deferred tax						
- Income tax	**(112,894)**	(70,840)	-	5,336	**(112,894)**	(65,504)
- LAT	**156,035**	109,732	-	-	**156,035**	109,732
	43,141	38,892	-	5,336	**43,141**	44,228
	1,575,935	860,835	-	10,207	**1,575,935**	871,042

For the year ended 31 December 2011, no Hong Kong profits tax has been provided as the Group did not derived any estimated assessable profit in Hong Kong for the year. For the year ended 31 December 2010, Hong Kong profits tax was calculated at 16.5% on the estimated assessable profits for that year.

EIT arising from other regions of the PRC is calculated at 25% (2010: 10% to 25%) of the estimated assessable profits.

PRC LAT is levied at progressive rates from 30% to 60% (2010: 30% to 60%) on the estimated appreciation of land value, being the proceeds of sales of properties less deductible expenditure including cost of land use rights and development and construction expenditure.

7. INCOME TAX EXPENSE (CONTINUED)

The income tax expense can be reconciled to the profit before income tax at applicable tax rates as follows:

	Continuing operations		Discontinued operations		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Profit before income tax	**3,380,753**	1,985,826	**-**	28,133	**3,380,753**	2,013,959
Tax on profit at the rates applicable to profits in the jurisdictions concerned	**782,295**	497,325	**-**	3,728	**782,295**	501,053
Expenses not deductible for tax purpose	**32,163**	29,909	**-**	5,574	**32,163**	35,483
Income not taxable for tax purpose	**(94,692)**	(64,232)	**-**	(5,280)	**(94,692)**	(69,512)
Share of results of associates and jointly controlled entities	**(1,895)**	(529)	**-**	(601)	**(1,895)**	(1,130)
Tax exemption	**-**	-	**-**	(47)	**-**	(47)
Utilization of tax losses previously not recognized	**(423)**	(15,082)	**-**	(372)	**(423)**	(15,454)
LAT deductible for calculation of income tax	**(259,937)**	(137,330)	**-**	-	**(259,937)**	(137,330)
Tax losses not recognized	**33,871**	6,844	**-**	2,574	**33,871**	9,418
Under provision in prior years	**1,633**	1,038	**-**	-	**1,633**	1,038
Deferred tax provided for withholding tax on distributable profits of the Group's PRC subsidiaries	**56,080**	-	**-**	-	**56,080**	-
Others	**4,382**	1,286	**-**	4,631	**4,382**	5,917
	553,477	319,229	**-**	10,207	**553,477**	329,436
LAT	**1,022,458**	541,606	**-**	-	**1,022,458**	541,606
Income tax expense	**1,575,935**	860,835	**-**	10,207	**1,575,935**	871,042

8. DIVIDENDS

(a) Dividends payable to owners of the Company attributable to the year:

	2011	2010
	HK$'000	HK$'000
Distribution in specie	**-**	1,964,986
Proposed final dividend – HK$0.05 (2010: HK$0.10) per ordinary share *(note (ii))*	**76,075**	95,704

Notes:

(i) The Board did not recommend the payment of an interim dividend for the year ended 31 December 2011 (2010: nil).

(ii) The final dividend of HK$0.05 (2010: HK$0.10) per ordinary share, amounting to approximately HK$76,075,000 (2010: HK$95,704,000), has been proposed by the Board and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

8. DIVIDENDS (CONTINUED)

(b) Dividends payable to owners of the Company attributable to the previous financial year, approved and paid during the year:

	2011 HK$'000	2010 HK$'000
Final dividend in respect of 2010, approved and paid during the year, of HK$0.10 per ordinary share (note)	**101,433**	-

Note:
The actual amount of final dividend paid in respect of 2010 was HK$101,433,000 instead of HK$95,704,000 as proposed in the financial statements for 2010 and the difference is due to additional shares issued before the commencement date of closure of the register of members (i.e. 26 May 2011).

9. EARNINGS PER SHARE

The calculations of basic earnings per share and diluted earnings per share from continuing and discontinued operations attributable to owners of the Company are based on the following data:

Earnings	**From continuing operations HK$'000**	**From discontinued operations HK$'000**	**Total HK$'000**
For the year ended 31 December 2011			
Earnings used in calculating basic earnings per share	**1,815,418**	**-**	**1,815,418**
Adjustment to the profit of the Group - interest on consideration payable for acquisition of non-controlling interests	**9,005**	**-**	**9,005**
Earnings used in calculating diluted earnings per share	**1,824,423**	**-**	**1,824,423**
For the year ended 31 December 2010			
Earnings used in calculating basic earnings per share	983,065	18,055	1,001,120
Adjustment to the share of profit of subsidiaries based on dilution of their earnings per share relating to the outstanding share options of a subsidiary	(15,464)	-	(15,464)
Earnings used in calculating diluted earnings per share	967,601	18,055	985,656

Weighted average number of ordinary shares (note)	**2011 '000**	2010 '000 (Restated)
Weighted average number of ordinary shares used in calculating basic earnings per share	**1,451,803**	1,073,315
Effect of dilutive potential ordinary shares – issuance of shares for acquisition of non-controlling interests	**69,690**	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	**1,521,493**	1,073,315

Note: The weighted average number of ordinary shares used in calculating the basic earnings per share and diluted earnings per share is adjusted for the bonus share issue as if the bonus share issue had occurred on 1 January 2010.

10. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2011	2010
	HK$'000	HK$'000
Trade receivables, net *(note)*	**7,176**	44,385
Other receivables	**94,456**	32,366
Prepayments and deposits	**1,801,759**	1,606,528
	1,903,391	1,683,279

Note: The ageing analysis of the Group's trade receivables (based on invoice date) net of impairment allowance is as follows:

	2011	2010
	HK$'000	HK$'000
30 days or below	**4,348**	43,820
31–60 days	**-**	489
91–180 days	**2,828**	47
Over 360 days	**-**	29
	7,176	44,385

The credit terms in connection with sales of properties granted to the buyers are set out in the sale and purchase agreements and vary for different agreements. In general, trade receivables are due on presentation of invoices.

Overdue receivables are reviewed regularly by senior management and impairment provision would be considered for those balances.

11. TRADE AND OTHER PAYABLES

	2011	2010
	HK$'000	HK$'000
Trade payables *(note)*	**1,772,625**	1,348,298
Other payables and accruals	**345,191**	195,944
Deposits received	**54,773**	28,884
	2,172,589	1,573,126

Note: The ageing analysis of Group's trade payables (based on invoice date) is as follows:

	2011	2010
	HK$'000	HK$'000
30 days or below	**819,554**	877,031
31–60 days	**118,503**	117,461
61–90 days	**21,141**	7,676
91–180 days	**241,500**	112,806
181–360 days	**243,528**	72,293
Over 360 days	**328,399**	161,031
	1,772,625	1,348,298

PROPOSED FINAL DIVIDEND AND BONUS ISSUE

After reviewing the result performance for the year and working capital requirements for the Group's future expansion of its business, the Board recommended the payment of a final dividend of HK5.0 cents per share (2010: HK10.0 cents per share) for the year ended 31 December 2011. As there was no interim dividend (2010: Nil), total dividends will amount to HK5.0 cents per share (2010: HK10.0 cents per share) for the financial year.

In recognition of the continual support of the shareholders of the Company, the Board proposes a bonus issue of 1 bonus share for every 2 existing shares held. The bonus shares to be issued will rank pari passu in all respects with the existing shares of the Company except that they are not entitled to the proposed final dividend for the year ended 31 December 2011. The Board believes that the bonus issue will enhance the liquidity of the shares of the Company in the market and thereby enlarging the shareholder and capital base.

The proposed final dividend and bonus issue are subject to the approval by the shareholders of the Company at the forthcoming Annual General Meeting.

The expected timetable for the proposed bonus issue will be announced as soon as practicable.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2011 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The audit committee of the Company has discussed and reviewed with management the annual results and consolidated accounts for the year ended 31 December 2011.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 2011, the Company has issued:

1. 123,392,789 ordinary shares at HK$5.02132 per share on 22 February and 5 May 2011 to Mr. Wang Tao Guang pursuant to the Acquisition Agreement dated 2 November 2010;

2. 123,392,790 ordinary shares at HK$5.02132 per share on 22 February and 5 May 2011 to Kentrise Company Inc. pursuant to the Acquisition Agreement dated 2 November 2010.

Save as disclosed above, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the year ended 2011.

SHARES ISSUED

With approval of the shareholders at the extraordinary general meeting of the Company held on 26 August 2011, the Company issued bonus shares on the basis of one bonus share for every two existing shares in issue on 1 September 2011, the bonus issue record date. As at 1 September 2011, there were 1,014,328,842 shares in issue and accordingly the number of bonus shares issued was 507,164,421. The bonus shares, which rank pari passu in all respects with the shares then existing, were credited as fully paid by way of capitalization of an amount equal to the total par value of the bonus shares standing to the credit of the reserve account of the Company. For the year ended 31 December 2011, an amount of approximately HK$5,071,644 was transferred from the reserve account to share capital accordingly. For details of the bonus shares issue, please refer to the circular dated 10 August 2011 and the announcement dated 2 August 2011 published by the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as the code of conduct for dealings in securities of the Company by the Directors.

Having made thorough enquiry of the Directors, the Company can reasonably confirm that the Directors have complied with the required standard set out in the Model Code throughout the year ended 31 December 2011.

CORPORATE GOVERNANCE PRACTICE

The Company has complied with all the provisions (except Code Provision A.4.1 as stated below) of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules for the year ended 31 December 2011.

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to retirement by rotation and re-election. The Non-Executive Directors of the Company are not appointed for a specific term, they are subject to retirement by rotation and re-election in accordance with the Company’s Articles of Association.

PUBLICATION OF RESULTS ANNOUNCEMENT ON THE WEBSITES OF THE STOCK EXCHANGE THE COMPANY

This results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk under “Latest Information” and on the Company’s websites at http://www.cogogl.com.hk respectively.

The printed copy of the 2011 Annual Report will be sent to shareholders of the Company by the mid of March 2012 and the soft copy of the Annual Report will be published on websites of both the Stock Exchange and the Company in due course.

APPRECIATION

2011 was a fruitful year after the concerted efforts of all to overcome different kinds of challenges. I would like to take this opportunity to thank my fellow directors, our staff and our shareholders for their continued support.

By Order of the Board
China Overseas Grand Oceans Group Limited
Hao Jian Min
Chairman and Non-Executive Director

Hong Kong, 28 February 2012

As at the date of this announcement, the Board comprises nine Directors, of which four are executive Directors, namely, Mr. Chen Bin, Mr. Yu Shangyou, Mr. Xiang Hong and Mr. Paul Wang Man Kwan; two non-executive Directors, namely Mr. Hao Jian Min and Mr. Billy Yung Kwok Kee, and three independent non-executive Directors, namely Dr. Timpson Chung Shui Ming, Mr. Jeffrey Lam Kin Fung and Mr. Dantes Lo Yiu Ching.